

PUBLIC DISCLOSURE

June 6, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

CENTURY BANK AND TRUST COMPANY

Cert. # 19943

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SOMERVILLE, MASSACHUSETTS 02145**

Division of Banks

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NOTE: This document is an evaluation of the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Federal Deposit Insurance Corporation or the Division of Banks concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

The Community Reinvestment Act (“CRA”) requires the Massachusetts Division of Banks (“Division”) and the Federal Deposit Insurance Corporation (“FDIC”) to use their authority when examining financial institutions subject to their supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agencies must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **Century Bank and Trust Company** (“**Century Bank**” or the “**Bank**”) prepared by the Division and the FDIC, the institution's supervisory agencies, as of **June 6, 2011**. These agencies evaluate the Bank's performance in the assessment area(s), as it is defined by the institution, rather than individual branches. The Division and the FDIC evaluate the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00 and Part 345 of the FDIC's Rules and Regulations.

INSTITUTION'S CRA RATING: This institution is rated “Satisfactory”

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The following table indicates the performance level of the institution with respect to the lending, investment, and service tests.

LENDING, INVESTMENT, AND SERVICE TEST TABLE:

PERFORMANCE LEVELS	Century Bank and Trust Company		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory**	X		X
Low Satisfactory**		X	
Needs to Improve			
Substantial Noncompliance			

*Note: The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

**Note: FDIC rules and regulations stipulate use of a “high satisfactory” and “low satisfactory” rating for the three tests to categorize performance within a “satisfactory” range. For purposes of this jointly issued public evaluation, the term “satisfactory” will be used in lieu of the “low satisfactory” rating for the three tests.

The assigned rating is based on the results of three performance tests applicable to the Large Bank examination procedures: the Lending Test, the Investment Test, and the Service Test. A summary of Century Bank's performance is provided below:

Lending Test

- The Bank's lending activity reflects good responsiveness to credit needs in its assessment area.
- A high percentage of the Bank's home mortgage and small business were extended in the Bank's delineated assessment area.
- The geographic distribution of home mortgage and small business loans reflects a good dispersion by number and dollar volume throughout the assessment area.
- The distribution of mortgage loans to borrowers of different incomes reflects a good penetration of loans to low- and moderate-income borrowers, considering the product lines offered by the institution.
- The distribution of business loans, by the size of the loans, reflects an excellent performance in loans under \$100,000 and loans between \$100,000 and \$250,000.
- The Bank exhibits a good record of serving the credit needs of the most economically disadvantaged areas of its assessment area, low-income individuals, and very small businesses, consistent with safe and sound business practices.
- The Bank made a relatively high level of community development loans.
- The Bank makes limited use of innovative and/or flexible lending practices to serve assessment area credit needs.

Investment Test

- Century Bank has an adequate level of qualified community development investments, although rarely in a leadership position, particularly those that are not routinely provided by private investors.
- The institution exhibits an adequate responsiveness to credit and community economic development needs.
- The institution rarely uses innovative and/or complex investments to support community development initiatives.

Service Test

- Retail banking services are essentially accessible to all portions of the assessment area, including low- and moderate-income areas and to individuals of different income levels and businesses of different sizes.
- To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies.
- Services, including branch hours are convenient and comparable to other institutions and do not vary in a way that inconveniences certain parts of the assessment area.
- Century Bank provides a relatively high level of community development services.

PERFORMANCE CONTEXT

Description of Institution

Century Bank, whose corporate office is located at 400 Mystic Avenue in Medford, Massachusetts, is the wholly-owned subsidiary of Century Bancorp, Inc. The Bank has one wholly-owned subsidiary, Century Financial Services, Inc. ("CFS"). CFS partnered with Commonwealth Financial Network, a registered broker-dealer whose accounts are carried by the National Financial Services, LLC.

The Bank has 23 full-service branches throughout northeastern Massachusetts. The main office is located in Somerville, Massachusetts, a moderate-income census tract. The corporate headquarters are located in Medford, Massachusetts in a moderate-income census tract. Two additional branches are also located in the City of Medford: one in a moderate- and one in a middle-income census tract. Four offices are located in the City of Boston: one in low-, two in middle-, and one in an upper-income census tract. There are two offices in the City of Brookline; both are in upper-income census tracts. There is one branch each in Allston, Beverly, Braintree, Burlington, Cambridge, Everett, Lynn, Malden, Newton, Peabody, Quincy, Salem, and Winchester. Of these branch locations, seven are located within low- and moderate-income census tracts. Since the previous evaluation the Bank closed its office on Albany Street in Boston, which was located in a low-income census tract. Century Bank also offers a limited service branch, located at the Hebrew Senior Life facility in Brookline and the Bank operates a processing and operations site in Worcester, used for the Bank's lockbox activity.

Century Bank is a full-service financial institution that offers its retail customers a wide array of financial services. In terms of deposit services, customers have the option of choosing from a variety of checking, savings, and retirement accounts. Financial advice is offered through LPL Financial, an unaffiliated broker dealer. In terms of credit services, the Bank extends an assortment of secured and unsecured consumer loan products, inclusive of home equity lines of credit; home equity loans; overdraft protection; personal loans; automobile loans; and home improvement loans. Additionally, the Bank offers a wide variety of home mortgage programs such as conventional loan products for the purchase, refinance, improvement, or construction of residential property.

Century Bank also offers a diverse selection of deposit, loan, and special services geared toward its commercial, municipal, and non-profit customers. A variety of checking and savings account services is available. Investment and insurance services are also available to business customers. Financing for business and commercial customers includes, but is not limited to, short-term working capital lines of credit; term loans and revolving equipment lines of credit; commercial real estate loans; government guaranteed loans; letters of credit; construction and development loans; and tax-exempt financing. The Bank provides standard cash management (including on-line services) and other specialized conveniences, including payroll services, wire transfers, bill payer, account reconciliation, cash flow management, international services, remote deposit capture, and courier services.

As of March 31, 2011, Century Bank's total assets grew by \$1 billion, to approximately \$2.6 billion since the last evaluation. Gross loans are \$945 million and total deposits are \$2.1 billion. A substantial portion of the Bank's assets are in securities, at almost 46 percent, with loans representing 36.3 percent of total assets. Loan growth was noted within the 'Obligations of States and Other Political Subdivisions' portfolio, particularly in municipality tax-exempt bonds,

which increased by 42.7 percent. Additional growth was present in the Bank's 1-4 family residential loan portfolio, which increased 35.2 percent. Construction and land development, multi-family (5 or more), and commercial loans decreased by 61.2 percent, 40.9 percent, and 18.6 percent, respectively. Since the last CRA evaluation on November 21, 2007, Century Bank's primary loan product changed from commercial loans to 1-4 family residential real estate loans. Please refer to Table 1 for a summary of the Bank's loan categories.

Table 1 – Loan Distribution as of March 31, 2011		
Loan Type	Dollar Amount \$(000s)	% of Total Loans
Construction and Land Development	23,256	2.5
Revolving, open-end loans secured by 1-4 family	76,499	8.1
Closed-end first liens secured by 1-4 family	231,634	24.5
Closed-end second liens secured by 1-4 family	36,652	3.9
Loans secured by multifamily residential	16,210	1.7
Total Residential	384,251	40.7
Loans secured by Commercial Real Estate	240,475	25.5
Commercial and Industrial	82,277	8.7
Total Commercial	322,752	34.2
Other revolving credit plans	1,184	0.1
Other consumer loans	4,456	0.5
Obligations of states and political subdivisions	231,896	24.5
Other loans	451	0.0
Less: Unearned Income	<128>	<0.0>
Total Loans	944,862	100.0

Source: Report of Condition FDIC Call Report (March 31, 2011)

Century Bank operates in an extremely competitive lending market, considering that its delineated assessment area includes 498 census tracts within Massachusetts. There are at least 559 financial institutions that compete within the Bank's assessment area. The competition includes loan production offices, banks, mortgage companies, credit unions, and other entities seeking to originate home mortgage and small business loans. Additionally, larger regional and national banks such as Bank of America, N.A.; Wells Fargo Bank, N.A.; Sovereign Bank; and JP Morgan Chase Bank, N.A., have a presence within the Bank's assessment area and contribute to the high level of competition.

An analysis of the Bank's balance sheet reflected a loan-to-deposit (LTD) ratio of 45.2 percent as of March 31, 2011, and a 53.9 percent quarterly average since the prior FDIC evaluation. Century Bank's LTD ratio is reflective of deposit account growth from municipalities. Table 2 depicts the current LTD ratios of the Bank and two similarly situated institutions.

Table 2 – Loan-to-Deposit Ratio (LTD) as of March 31, 2011				
Bank Name	Total Assets \$(000)	Net Loans \$(000)	Total Deposits \$(000)	Current Loan-to-Deposit Ratio
Century Bank	2,560,448	929,904	2,058,268	45.2
Cambridge Savings Bank	2,182,600	1,422,043	1,821,964	78.1
East Boston Savings Bank	1,869,718	1,183,190	1,505,363	78.6

CRA mandates the identification of *similarly situated* banks with which Century Bank's lending record is compared. While Century Bank competes with many local and regional financial institutions for loans and deposits, only two banks within Century Bank's delineated assessment area are similar in terms of asset size, business focus, and branch structure. These similarly situated institutions include Cambridge Savings Bank, headquartered in Cambridge, Massachusetts and East Boston Savings Bank, headquartered in Boston, Massachusetts.

The Bank received a CRA rating of Satisfactory from the FDIC and Division at the previous CRA evaluation. The Bank was evaluated as a *Large Bank*.

Description of Assessment Area

The CRA requires a financial institution to define an assessment area, or areas within which it will concentrate its lending efforts and within which its record of helping to meet the needs of its community will be evaluated.

Century Bank delineated one contiguous assessment area consisting of 498 census tracts within Massachusetts. The assessment areas consist of 47 cities and towns within Essex, Middlesex, Norfolk, Suffolk, and Plymouth Counties, including Andover, Arlington, Belmont, Beverly, Billerica, Boston, Braintree, Brookline, Burlington, Cambridge, Chelsea, Danvers, Everett, Hingham, Lexington, Lynnfield, Lynn, Malden, Marblehead, Medford, Melrose, Middleton, Milton, Nahant, Newton, North Andover, North Reading, Peabody, Quincy, Randolph, Reading, Revere, Salem, Saugus, Somerville, Stoneham, Swampscott, Tewksbury, Wakefield, Waltham, Watertown, Weston, Weymouth, Wilmington, Winchester, Winthrop, and Woburn.

Currently, all of the cities and towns in the assessment area are located in the Boston-Cambridge-Quincy MA, NH MSA/CBSA (#14460), the Peabody MA Metropolitan Division (MD) (#37764), the Cambridge-Newton-Framingham MA MD (#15764), and the Boston-Quincy MA MD (#14484). These areas are all located in the Boston-Cambridge-Quincy MA, NH MSA/CBSA.

The assessment area, as currently defined, meet the technical requirements of the CRA since it (1) consists of one or more political subdivisions; (2) includes geographies where the Bank has its main office, branches, and deposit-taking ATMs, as well as the surrounding geographies in which the Bank originated a substantial portion of its loans; (3) consists of whole census tracts; (4) do not reflect illegal discrimination; and (5) does not arbitrarily exclude low- and moderate-income areas.

To assess the Bank's lending performance within this evaluation, consideration is given to certain demographic data about the overall assessment area. Table 3 highlights the relevant demographic information from the Boston-Cambridge-Quincy, MA, NH CBSA.

Table 3 – Demographic Information					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	498	8.8	28.1	42.6	20.3
Population by Geography	2,279,829	6.5	28.4	44.0	21.2
Owner-Occupied Housing by Geography	469,089	1.8	18.1	51.9	28.2
Business by Geography (2009)	210,308	8.9	19.9	42.4	28.8
Business by Geography (2010)	167,103	8.2	19.2	42.8	29.8
Family Distribution by Income	531,042	5.7	25.9	45.8	22.6
Household Distribution by Income	905,135	5.8	28.1	44.9	21.3
Distribution of Low- and Moderate- Income Families throughout AA Geographies	220,161	10.7	37.8	40.6	10.9
HUD Estimated Median Family Income (2009) – 14484 – Boston-Quincy, MA MD (2010) – 14484 – Boston-Quincy, MA MD (2009) – 15764 – Cambridge-Newton-Framingham, MA MD (2010) – 15764 – Cambridge-Newton-Framingham, MA MD (2009) – 37764 – Peabody, MA MD (2010) – 37764 – Peabody, MA MD Weighted Average of Median Family Income	 \$83,900 \$85,200 \$97,100 \$98,700 \$83,600 \$83,900 \$68,167	Median Housing Value Unemployment Rate: (Q1-2010) Essex County Middlesex County Suffolk County Norfolk County Plymouth County Households Below Poverty Level Families Below the Poverty Level		\$248,533 8.7% 6.2% 7.1% 6.8% 8.8% 10.8% 7.2%	

**Median Family Income*

Source: United States Census data; HUD 2009 and 2010 MFI. Percentages may not total 100 percent due to rounding.

Geographies

Currently, the assessment area is comprised of 498 census tracts, of which 44 are low-income; 140 are classified as moderate-income; 212 are middle-income; 101 are upper-income; and 1 is classified as “NA”.

The 44 low-income census tracts are located in the following cities and towns: Quincy (1), Boston (34), Chelsea (2), Cambridge (3), and Lynn (4). The 140 moderate-income census tracts are located in the following cities and towns: Quincy (1), Weymouth (1), Boston (66), Chelsea (3), Revere (6), Woburn (2), Medford (5), Malden (6), Everett (6), Somerville (11), Cambridge (10), Waltham (5), Watertown (1), Salem (2), Lynn (13), Peabody (1), and Beverly (1). The 1 census tract that does not have an income classification is located in Boston.

Population

Based on the 2000 United States (U.S.) Census data, the total population of the assessment area is 2,279,829. As depicted in Table 3, approximately 8.8 percent of the total population resides in low-income census tracts; 28.1 percent are in moderate-income census tracts; 42.6 percent are in middle-income census tracts; and 20.3 percent are in upper-income census tracts. The population for Essex County in 2009 was estimated at 742,582; 1,505,006 for Middlesex County; 753,580 for Suffolk County; 666,303 for Norfolk County; and 498,344 for Plymouth County.

Business Data

According to 2010 Business Geo-demographic Data, there are approximately 167,103 businesses operating within the Bank's assessment area. This is a decrease from 2009, when there were 210,308. The breakdown by census tracts is as follows: in 2010, 13,702, or 8.2 percent, are in low- income tracts; 32,092, or 19.2 percent, are in moderate-; 71,571, or 42.8 percent, are in middle-; and 49,736, or 29.8 percent, are in upper-income census tracts. When broken down by size, 74.1 percent of all businesses have gross annual revenues (GARs) of \$1 million or less, which is considered a small business for purposes of this analysis.

Family Distribution

There are 531,042 families within the Bank's assessment area. Table 3 illustrates the breakout of families by income level. A total of 5.7 percent are low-; 25.9 percent are moderate-; 45.8 percent are middle-; and 22.6 percent are upper-income. Table 3 also includes the breakout of low- and moderate-income families, combined (220,161), by where they reside. A total of 10.7 percent are in low-; 37.8 percent are in moderate-; 40.6 percent are in middle-; and 10.9 percent are in upper-income tracts.

Consideration is also given to the distribution of families by income level when compared to the weighted average of HUD adjusted MSA median family income (MFI). Based on the 2000 U.S. Census, the MFI for the assessment area was \$68,167. HUD annually adjusts the MFI based on estimates. Income levels are determined as follows: low-income individuals are equal to or less than 50.0 percent of MFI; moderate-income persons are greater than 50.0 percent, but less than 80.0 percent of MFI; middle-income individuals are greater than 80.0 percent, but less than 120.0 percent of MFI; and upper-income individuals are equal to or greater than 120.0 percent of MFI.

The estimated percentage of households below the poverty level in the assessment area in 2010 was 8.8 percent.

Housing

According to the 2000 U.S. Census data, the median housing value in the assessment area was \$248,533. More recent housing data obtained from *City-Data* revealed a median house or condo value range for 2009 of \$338,500 for Massachusetts, \$339,600 for Middlesex County, \$361,700 for Essex County, \$367,000 for Suffolk County, \$389,900 for Norfolk County, and \$349,000 for Plymouth County, far exceeding the 2000 U.S. Census median housing value of \$248,533. It is important to note that a low-income family, earning less than \$49,349 (based on 2010 HUD-estimated MFI), would not likely qualify under conventional underwriting standards for a mortgage on a property valued over \$345,000, thus limiting the opportunities for the Bank to provide mortgages to low-income borrowers within its assessment area. It should be noted that demographic data depicting the distribution of owner-occupied housing units by income level of census tract is used as a comparison to the Bank's home mortgage lending performance under the *Geographic Distribution* criterion.

According to the Bureau of Census and National Association of Realtors, total housing permits increased significantly in 2009. Permits in Essex County increased from 88 in the first quarter to 600 permits in the fourth quarter. In Middlesex County housing permits increased from 342 to

1,677, and within Suffolk County housing permits increased from 127 to 385 during the same time period. Increasing home values can be a constraint facing a financial institution that desires to serve some of the communities in this assessment area and would also present an obstacle for low- and moderate-income applicants attempting to qualify for conventional financing.

Unemployment

The Boston-Cambridge-Quincy, MA-NH MSA's unemployment rate decreased from December 2010 through May 2011, from 7.1 percent to 6.6 percent, respectively¹. Similarly, during the same time period, the Massachusetts unemployment rate decreased from 8.3 percent to 7.6 percent, respectively. At April 31, 2010, the unemployment rate for Essex County was 8.7 percent, Middlesex County was 6.2 percent, Suffolk County was 7.1 percent, Norfolk County was 6.8 percent, and Plymouth County was 8.8 percent.

Community Contact:

As part of the evaluation process, third parties that are active in community affairs are contacted to assist in assessing the housing and business needs in the Bank's assessment area. Relevant information from this practice assists in determining whether local financial institutions are responsive to the credit needs of the community, and whether additional opportunities are available. This evaluation utilized a community contact from a previous evaluation conducted by the FDIC in March, 2010. The contact was relevant and appropriate for this examination based on the locality and mission statement of the organization.

The contact was made with an organization in the Bank's assessment area. The contact is responsible for a wide range of activities and duties, including economic development, land use planning, housing policy, transportation projects, historic preservation, open space conservation programs, and neighborhood improvement efforts. In addition, the contact is an organization actively involved with affordable housing initiatives in Medford. The contact indicated that Century Bank comes to mind, among other local financial institutions, for being actively involved in the residential and commercial aspects of local community initiatives.

¹ United States Bureau of Labor Statistics

SCOPE OF EVALUATION

An onsite evaluation was conducted utilizing Large Bank CRA procedures, as established by the Federal Financial Institutions Examination Council (“FFIEC”). A review of the Division’s and FDIC’s records, as well as the Bank’s CRA Public File did not reveal any complaints relating to the Bank’s CRA performance since the prior evaluation.

The Lending Test focused primarily on loan origination activity for 2009 and 2010; however, loan origination performance in 2010 was only reviewed to determine if the Bank’s performance was consistent with the prior year since 2010 aggregate peer data was not available for comparison.

Home mortgage loans originated by Century Bank in 2009 and 2010, and reported on the Bank’s Loan Application Register (“LAR”), pursuant to the Home Mortgage Disclosure Act (“HMDA”), were included in the analyses.

Small business loans originated by Century Bank in 2009 and 2010 were also included in the analyses. Small business loans, for the purposes of this evaluation, include commercial real estate loans and commercial and industrial loans with original balances of \$1 million or less disclosed on the Bank’s Consolidated Report of Condition and Income. Information concerning small business loans was obtained from the Bank’s CRA Loan Registers (LRs), which are submitted annually to the Federal Reserve Bank.

Small farm loans were not reviewed as part of this evaluation because the Bank has not originated any loans secured by farmland or for agricultural purposes. If not a major product line, consumer loans are only analyzed if the bank collects and reports the optional information on its CRA LR. The Bank did not collect and report any consumer loan information in 2009 or 2010.

Where appropriate, the Bank’s performance is compared to the “aggregate” performance of other lenders conducting the same loan activity primarily within the same geographic area or delineation. Market share analysis of home mortgage and small business loans was performed for 2009 to determine how the Bank ranked against competitors within its assessment area. It must be noted that market share reports only include financial institutions that reported home mortgage and small business loans.

Although both the number and dollar volume of the Bank’s home mortgage and small business loans were reviewed, the number of originations was weighed more heavily than the dollar volume. This is because the number of loans is less likely to be influenced by factors such as business size, applicant income level, or varying real estate values within the Bank’s assessment area. If dollar volume was emphasized, higher income borrowers or geographic areas would generally appear to receive a larger percentage of loans simply because each loan is likely to be a larger dollar amount.

The 2009 and 2010 lending data is presented in the Assessment Area Concentration, Geographic Distribution, and Borrower Profile tables. Qualified community development loans, innovative and/or flexible lending practices (product innovation), investments, and community development services were generally reviewed from November 21, 2007 to June 6, 2011.

The Bank's entire assessment area is the Boston-Cambridge-Quincy, MA-NH MSA/CBSA* which consists of the Boston-Quincy, MA MD**, the Cambridge-Newton Framingham, MA MD, and the Peabody, MA MD***.

In order to comply with the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 ("IBBEA"), the FFIEC interagency procedures require the FDIC to evaluate the Bank's overall performance within their assessment area and to separately describe the Bank's activities in each metropolitan area in which the Bank has a branch office. As allowed by IBBEA, it is not necessary to conduct separate analyses of the Bank's performance within MDs that are part of a larger MSA or CBSA included in the Bank's assessment area. Thus, separate analyses were not conducted for the MDs that are within the Boston-Cambridge-Quincy, MA-NH MSA/CBSA.

Demographic data referenced throughout the evaluation was obtained from the 2000 U.S. Census, unless otherwise noted.

*Metropolitan Statistical Areas (MSAs) and Core Based Statistical Areas (CBSAs) are synonymous.

**Metropolitan Divisions.

***Peabody MA (MD 37764) changed from Essex County (MD 21604) per Federal Reserve notice February 7, 2007.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The Lending Test evaluates the institution's record of helping to meet the credit needs of its assessment area by considering an institution's home mortgage, small business, and community development lending. The institution's lending efforts were rated pursuant to the following performance characteristics: Lending Activity, Assessment Area Concentration, Geographic Distribution, Borrowers' Profile, Response to Credit Needs, Community Development Lending, and Innovative or Flexible Lending Practices.

As previously discussed, the Bank's loan portfolio is closely distributed among home mortgage loans (40.7 percent) and commercial loans (34.2 percent). Both products will be weighted equally from a quantitative perspective in arriving at overall conclusions pursuant to the Lending Test criteria. Furthermore, only those loans extended within the institution's designated assessment area were analyzed under the *Geographic Distribution* and *Borrowers' Profile* criteria. Performance under the Lending Test is weighed more heavily than the Investment and Service Tests in arriving at an overall CRA rating.

Lending Activity

Century Bank's lending activity reflects good responsiveness to credit needs in its assessment area, taking into account the number and dollar amount of home mortgage and small business loans.

Assessment Area Concentration

This performance criterion measures the percentage of the Bank's lending that benefits assessment area residents and businesses and evaluates the adequacy of such lending. Century Bank originated a high percentage of its loans in its assessment area.

As illustrated in Table 4, in 2009 and 2010, the Bank originated a total of 1,407 home and small business loans totaling \$220 million. Of the combined home mortgage and small business loans, there were 1,130, or 80.3 percent, by number, and \$175 million, or 79.5 percent by dollar volume, originated within the Bank's delineated assessment area. Each loan type is further analyzed and depicted in Table 4.

Table 4										
Distribution of Loans Inside and Outside of Assessment Area										
Loan Category or Type	Number Loans					Dollar Volume \$(000)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
2009 Home Mortgage	315	77.8	90	22.2	405	51,721	79.5	13,306	20.5	65,027
2010 Home Mortgage	267	79.9	67	20.1	334	57,040	83.8	11,038	16.2	68,078
Subtotal	582	78.8	157	21.2	739	108,761	81.7	24,344	18.3	133,105
2009 Small Business	248	83.8	48	16.2	296	27,472	80.7	6,563	19.3	34,035
2010 Small Business	300	80.7	72	19.3	372	39,027	73.4	14,169	26.6	53,196
Subtotal	548	82.0	120	18.0	668	66,499	76.2	20,732	23.8	87,231
Grand Total	1,130	80.3	277	19.7	1,407	175,260	79.5	45,076	20.5	220,336

Source: HMDA LAR and CRA LR data (2009 and 2010).

Home Mortgage Lending

As depicted in Table 4, the Bank reported 405 home mortgage loans totaling \$65 million in 2009. Of those loans, 77.8 percent were made within the assessment area. In 2010, the Bank's total home mortgage volume decreased to 334 loans, with 267, or 79.9 percent, originated within the Bank's delineated assessment area. The decline between 2009 and 2010 was attributed to the economy and competition; however, even with the reduction in number, the Bank managed to originate approximately the same percentage within the assessment area in each year. Additionally, the dollar volume of home mortgage loans originated within the assessment area resulted in approximately the same percentages in each year as the total number of loans. The preceding home mortgage loans include home purchase loans, home refinance loans, and home improvement loans. A separate review of these loan types revealed a similar dispersion inside and outside of the assessment area for 2009. In 2010, again, a similar dispersion was revealed, with home refinance loan percentages being slightly higher than what was reported for total home mortgage loans, and home purchase and improvement loans represented a slightly lower percentage.

Of the 559 HMDA reporters that reported home mortgage loans in the Bank's assessment area in 2009, Century Bank ranked 55th for 2009 by number of loans originated. This ranking represents 0.36 percent of the market share when compared to the total number of loans originated in the assessment area in 2009. This performance is satisfactory, as a majority of the entities ahead of the Bank were primarily larger national banks, mortgage companies, and financial institutions, including Bank of America, N.A. (1st with 11.0 percent of market share); Wells Fargo Bank, N.A. (2nd with 5.7 percent of market share); and Mortgage Master, Inc. (3rd with 5.7 percent of the market share). On the local level, the closest community financial institution to Century Bank, by number, was Eastern Bank of Lynn, Massachusetts who ranked 21st with 1.6 percent of the market share, and Cambridge Savings Bank of Cambridge, Massachusetts who ranked 31st with 0.8 percent of the market share.

Aggregate market data is not available for 2010; therefore, market share information could not be analyzed.

Small Business Lending

As depicted in Table 4, the Bank originated 296 small business loans in 2009 totaling \$34 million. Of these loans, 83.8 percent, by number, and 80.7 percent, by dollar amount, were originated inside the assessment area. In 2010, the Bank made 372 small business loans totaling \$53.2 million, which by number and dollar is greater than its 2009 performance. In the assessment area, 300 loans, totaling \$39 million (or 80.7 percent) were originated. As previously noted, the total number and dollar of small business loans originated in 2010 is greater than 2009; however, the percentages of small business loans originated in the Bank's assessment area are similar. Considering the current economic conditions in 2009 and 2010, the Bank's small business lending performance within its assessment area is good.

In 2009, there were a total of 126 lenders that reported small business loan originations in Essex, Middlesex, Suffolk, Norfolk, and Plymouth Counties. Century Bank ranked was 21st with a market share (by number) of 0.4 percent. Eastern Bank (ranked 12th), Middlesex Savings Bank (ranked 16th), and Salem Five Cents Savings Bank (ranked 20th) are the only local community banks that ranked higher than Century Bank. It should be noted that small business market share data is somewhat skewed as it also includes larger, nationwide lenders that originate smaller

loans, typically under a business credit card arrangement. It should also be noted that small business data is collected based on the entire county in which the loan was originated. As a result, market share analyses are not truly reflective of the assessment area that the Bank delineated.

Market share analyses for 2010 were not performed, as small business aggregate information is not available.

Geographic Distribution

The geographic distribution of loans was reviewed to assess the Bank's performance in addressing credit needs throughout its assessment area. The primary focus of this analysis is to assess the Bank's loan distribution in its assessment area, with emphasis placed on lending in low- and moderate-income census tracts. Overall, the Bank's geographic distribution of home mortgage and small business loans reflects a good dispersion throughout the assessment area in 2009, and 2010.

Home Mortgage Lending

Overall, the Bank's home mortgage lending demonstrates a good geographic distribution of loans, particularly to low- and moderate-income geographies, in its assessment area in 2009 and 2010, as depicted in Table 5.

Table 5 – Distribution of HMDA Loans by Income Category of the Census Tract									
Census Tract Income Level	% of Total Owner-Occupied Housing Units	2009 Aggregate Lending Data		2009 Bank Lending Data		2010 Bank Lending Data		Total Bank Lending Data	
		#	%	#	%	#	%	#	%
Low	1.8	1,909	2.2	6	1.9	1	0.4	7	1.2
Moderate	18.1	13,598	15.6	71	22.5	61	22.8	132	22.7
Middle	51.9	43,588	49.9	176	55.9	150	56.2	326	56.0
Upper	28.2	28,245	32.3	62	19.7	55	20.6	117	20.1
N/A	0.0	1	0.0	0	0.0	0	0.0	0	0.0
Total	100.0	87,341	100.0	315	100.0	267	100.0	582	100.0

Source: U.S. Census (2000), HMDA LAR 2009 and 2010; Aggregate Data (2009).

As noted in Table 5, the Bank originated 6 loans, representing 1.9 percent of its home mortgage loans in low-income census tracts in 2009, and 71 loans, or 22.5 percent, of the total number of loans originated in moderate-income tracts. When compared to the percent of total owner-occupied housing units and to the percentage of loans originated by the aggregate in 2009 in low-income census tracts, the Bank slightly exceeded the percent of owner-occupied housing units; however, was slightly below the aggregate's performance in low-income census tracts.

The percentage of loans originated by the Bank in moderate-income census tracts exceeded the aggregate's percentage, which is commendable. Additionally, the Bank exceeded the percent of owner-occupied housing units in moderate-income census tracts.

Aggregate information is not available for 2010; however, as noted in Table 5 the Bank's performance was lower in the low-income tracts, but higher in the moderate-income census tracts in comparison to the total percent of owner-occupied housing units.

As noted previously, Century Bank originated 6 loans for \$721,000 in low-income census tracts that represented 0.3 percent of the market share by number and 0.1 percent by dollar amount, with a ranking of 29th. Cambridge Savings Bank, a similarly situated institution to Century Bank ranked 15th, by number with 20 loans and 1.1 percent of the market share. In the moderate-income census tracts in the assessment area, by number, Century Bank ranked 41st (with 71 loans) and captured 0.5 percent of the market share.

A review of the individual loan products that make-up home mortgage loans, which as previously noted include home purchase, home improvement, and home refinance loans, revealed a slightly different dispersion in 2009 as to what was demonstrated in Tables 5. The Bank exceeded the aggregate in low-income census tracts by home purchase and home improvement loans; however, slightly trailed aggregate in the refinance loan products. In moderate-income census tracts, the Bank exceeded aggregate's lending performance in home improvement and refinance loans; however, was slightly behind aggregate for home purchase loan products. By dollar amount, the findings are the same when analyzed by individual loan products.

Analyses of the level of penetration within the assessment area were performed and revealed that the Bank, in 2009, did not originate any home mortgage loans in 40 of the 44 low-income census tracts in its assessment area, and in 104 of the 144 moderate-income census tracts. Although the level of penetration within the low- and moderate-income census tracts of the Bank's assessment area is low, the Bank's lending performance within the middle- and upper-income census tracts revealed similar trend results. For example, Century Bank did not originate home mortgage loans within 114 census tracts out of 212 middle-income census tracts. In 2010, the Bank's level of penetration was similar to that of the previous year.

Small Business Lending

As depicted in Table 6, the Bank originated 4.0 percent of all small business loans in low-income census tracts in 2009 and 3.7 percent in 2010. The Bank's performance was below the average percentage of businesses located in low-income census tracts (8.9 percent in 2009 and 8.2 percent in 2010). When compared to the aggregate's performance by number in 2009, the Bank slightly trailed the aggregate. In moderate-income census tracts, the percent of small business loans that were originated by the Bank was at 30.6 percent in 2009 and 40.7 percent in 2010, which in all cases was significantly greater than the average percentage (approximately 19 percent in both 2009 and 2010) of business operating within the moderate-income census tracts. By number of loans originated, the Bank significantly exceeded the aggregate's performance in 2009.

The Bank's small business loan originations in 2010 are shown to illustrate the trend the Bank followed during 2010 as aggregate information is not available. As noted in Table 6, the percentage of loans originated in low-income census tracts declined slightly, while the percentage of small business loans originated in moderate-income census tracts increased during the period reviewed.

Table 6 – Distribution of Small Business Loans by Income Category of the Census Tract

Census Tract Income Level	Commercial Businesses (2009)		Commercial Businesses (2010)		2009 Aggregate Lending Data		2009 Bank Lending Data		2010 Bank Lending Data		Total Bank Lending Data	
	#	%	#	%	#	%	#	%	#	%	#	%
Low	18,623	8.9	13,702	8.2	2,217	5.9	10	4.0	11	3.7	21	3.8
Moderate	41,895	19.9	32,092	19.2	6,692	17.8	76	30.6	122	40.7	198	36.2
Middle	89,157	42.4	71,571	42.8	17,241	46.0	121	48.8	122	40.6	243	44.3
Upper	60,624	28.8	49,736	29.8	11,358	30.3	41	16.6	45	15.0	86	15.7
N/A	9	0.0	2	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Total	210,308	100.0	167,103	100.0	37,508	100.0	248	100.0	300	100.0	548	100.0

Source: Based on 2009 and 2010 Dun & Bradstreet; 2009 Peer Small Business Data; 2009 and 2010 CRA LR Data.

The Bank demonstrated through its performance that it is meeting its obligation of providing small business loans within its assessment area.

Borrower Profile

The distribution of loans predicated on borrower income and business revenue was reviewed to determine the extent to which the Bank addressed the credit needs of its residents and small business customers in 2009 and 2010 within its assessment area. The overall distribution of loans reflects, given the product lines offered by the institution, excellent penetration among individuals of different income levels and excellent penetration of business customers of different size.

Home Mortgage Lending

Home mortgage data was reviewed to assess how well the Bank is addressing the housing credit needs of its assessment area residents. Special weight was placed on the Bank's record of lending to low- and moderate-income borrowers. As depicted in Tables 7, the Bank's distribution of credit to borrowers of different income levels, considering the product lines offered, reflects a good penetration among retail customers of different income levels.

Table 7 - Distribution of HMDA Loans by Borrower Income									
Borrower Income Level	Family Distribution by Income Level	2009 Aggregate Lending Data		2009 Bank Lending Data		2010 Bank Lending Data		Total Bank Lending Data	
		#	%	#	%	#	%	#	%
Low	5.7	4,853	5.6	21	6.7	23	8.6	44	7.6
Moderate	25.9	16,726	19.1	70	22.2	62	23.2	132	22.7
Middle	45.8	23,200	26.6	76	24.1	68	25.5	144	24.7
Upper	22.6	38,956	44.6	145	46.0	109	40.8	254	43.6
N/A	0.0	3,606	4.1	3	1.0	5	1.9	8	1.4
Total	100.0	87,341	100.0	315	100.0	267	100.0	582	100.0

Source: 2000 U.S. Census Data; 2009 and 2010 HMDA LARs; Aggregate Lending Data (2009).

As noted in Table 7, in 2009, the Bank surpassed the percentage of loans originated by the aggregate to low-income borrowers. The number of home mortgage loans to moderate-income borrowers also exceeded the aggregate in 2009. Although there is no aggregate information for 2010 for comparison, Century Bank's percentage of extending loans to low- and moderate-income borrowers increased from 6.7 and 22.2, respectively, in 2009 to 8.6 percent to low-income borrowers and 23.2 percent to moderate-income borrowers. Given the economic environment within the assessment area this performance is considered good.

When the Bank's performance is compared to the percentage of low- and moderate-income families that reside within the assessment area, it is noted that 7.6 percent of the total number of home mortgage loans extended by Century Bank in the two year period were to low-income borrowers compared to 5.7 percent of the assessment area being comprised of low-income family households. It must be noted that 10.2 percent of the total households within the assessment area are below poverty level and typically would not qualify for a home mortgage loan. As a result, the Bank's level of lending to low-income borrowers is very good. Also as noted in Table 7, 22.7 percent of the total home mortgage loans were extended to moderate-income borrowers by Century Bank in the two year period reviewed, which was slightly below the percentage of moderate-income family households within the assessment area at 25.9 percent. It is clear that the Bank's overall level of performance to low- and moderate-income borrowers is good.

Market share analyses were also performed to determine how the Bank compared to the market by ranking and the percent of the market share captured in total home mortgage loans to low- and moderate-income borrowers. In 2009, the Bank ranked 38th out of 73 lenders in the number of loans it originated to low-income borrowers with 0.4 percent of the market share, and 48th out of 198 lenders to moderate-income borrowers within the assessment area capturing 0.4 percent of the market. East Boston Savings Bank was the closest local financial institution to Century Bank in the low- and moderate-income borrower categories ranking 36th with 0.5 percent of the total markets home mortgage loans to low-income borrowers, and 45th with 0.5 percent of the market share in home mortgage loans originated to moderate-income borrowers. The market share report

clearly indicated that large national and regional financial institutions and mortgage companies captured the largest percentage of the market share by number in 2009.

A review of the individual products that comprise home mortgage loans revealed that by number, the Bank in 2009 led the aggregate in home improvement and home refinance loans to low- and moderate-income borrowers. The Bank's lending performance in home purchase loans trailed aggregate to both low- and moderate-income borrowers in 2009. As was previously stated, aggregate information for 2010 is not available; however, a comparison of the individual products to the total number of home mortgage loans originated revealed that home purchase loans were the largest percentage of loans extended to low-income borrowers and home improvement loans were the largest percentage of loans extended to moderate-income borrowers.

The product review by dollar volume produced similar results in 2009 where the aggregate exceeded the Bank in only home purchase loans to low- and moderate-income borrowers. Once again, because aggregate information is not available for 2010, the analysis of the Bank's performance in 2010 only revealed that the largest percentage of the Bank's dollar volume was in home purchase loans followed by home improvement loans to borrowers of low-income.

Small Business Lending

The Bank demonstrated an excellent penetration of loans to businesses of different revenue sizes, indicating that the financial institution did an excellent job of serving the credit needs of smaller businesses in the assessment area in 2009 and 2010. The data utilized for this analysis is presented in Table 8.

Table 8 – Distribution of Small Business Loans by Gross Annual Revenue Category (GAR)								
Gross Annual Revenues (000s)	2009 Aggregate Data		2009 Bank Lending Data		2010 Bank Lending Data		Total Bank Lending Data	
	#	%	#	%	#	%	#	%
≤ \$1,000	9,066	24.2	161	64.9	184	61.4	345	63.0
> \$1,000	28,442	75.8	78	31.5	97	32.3	175	31.9
Revenues N/A	N/A	N/A	9	3.6	19	6.3	28	5.1
Total	37,508	100.0	248	100.0	300	100.0	548	100.0

Source: 2009 and 2010 CRA LRs and 2009 Peer Small Business Data.

As depicted in Table 8, in 2009, the Bank originated 161 small business loans, or 64.9 percent, to businesses in its assessment area with GARs of \$1 million or less. The Bank's performance significantly exceeded that of the aggregate market at 24.2 percent.

Additional analysis was conducted on small business loans, by dollar volume as a percentage, originated in 2009. The analysis revealed the Bank originated \$11.7 million, or 42.8 percent of total small business loans, in 2009 to businesses with GARs of \$1 million or less. The 42.8 percent exceeds the 2009 aggregate market data of 26.4 percent.

In 2010, the Bank originated 184 small business loans, or 61.4 percent by number, to businesses in its assessment area with GARs of \$1 million or less. Despite the slight decrease in the total number of loans, as a percentage, the actual number of loans originated to small businesses in 2010 increased when compared to 2009 loan originations to small businesses with GARs of \$1 million or less. By dollar volume, the Bank originated approximately \$16.7 million to businesses in its assessment area with GARs of \$1 million or less, representing 42.7 percent of total dollar volume.

The Bank's small business lending performance was also analyzed by loan size. This analysis is predicated on the premise that smaller businesses and start-ups typically have a need for smaller dollar loans. Table 9 indicates the Bank has an excellent record of granting smaller dollar business loans.

Table 9 – Distribution of Small Business Loans by Loan Size								
Loan Size (000s)	2009 Aggregate Data		2009 Bank Lending Data		2010 Bank Lending Data		Total Bank Lending Data	
	#	%	#	%	#	%	#	%
≤ \$100	34,899	93.0	180	72.6	199	66.4	379	69.2
> \$100 ≤ \$250	1,176	3.2	41	16.5	55	18.3	96	17.5
> \$250 ≤ \$1,000	1,433	3.8	27	10.9	46	15.3	73	13.3
Total*	37,508	100.0	248	100.0	300	100.0	548	100.0

Source: 2009 and 2010 CRA LRs and 2009 CRA Peer Small Business Data.

As illustrated in Table 9, in 2009, 72.6 percent of the Bank's small business loans in its assessment area were originated in amounts of \$100,000 or less, and 16.5 percent were in amounts between \$100,000 and \$250,000. Aggregate market data reveals that 93.0 percent of all loans were in amounts of \$100,000 or less; however, as noted previously, this percentage is presumably significantly inflated due to the large number of business credit cards extended at low dollar amounts by large financial institutions in the Bank's assessment area. Therefore, the Bank's performance is considered excellent.

In 2010, the Bank originated 66.4 percent of the small business loans in its assessment area in amounts of \$100,000 or less, and 18.3 percent in amounts between \$100,000 and \$250,000. Aggregate market data was not available for 2010; however, the Bank's performance in 2010 was generally consistent with that of 2009.

Responsiveness to Credit Needs of Highly Disadvantaged Areas, Individuals, and/or Businesses

The Bank exhibited a good record of serving the credit needs of the most economically disadvantaged areas of its assessment area, low-income individuals, and very small businesses, consistent with safe and sound business practices.

Community Development Lending

As defined in the CRA regulation, a community development loan has as its primary purpose: affordable housing for low- and moderate-income individuals; community services targeted to low- and moderate-income individuals; activities that promote economic development by financing small businesses or small farms; or activities that revitalize or stabilize low- and moderate-income geographies. Furthermore, the loan must benefit the Bank's assessment area or a broader statewide area that also includes the assessment area. Loans required to be reported as home mortgage loans or small business loans cannot also be reported as community development loans unless the loan is for a multifamily dwelling (five or more units), meets a community development definition, and benefits the Bank's assessment area or a broader statewide area that includes the assessment area.

The institution's community development lending activities are evaluated pursuant to the following criteria: (1) the extent to which community development lending opportunities have been made available to the institution; (2) the responsiveness of the institution's community development lending; and (3) the extent of leadership the institution has demonstrated in community development lending.

The institution made a relatively high level of community development loans since the last CRA evaluation. During the review period, Century Bank originated 15 qualified community development loans, totaling \$34 million. By dollar volume, this represented a significant increase since the last evaluation in which the Bank originated 13 loans totaling \$19.6 million. Given the economic environment during the evaluation period, this performance is considered good.

Additionally, Century Bank originated loans that in some instances had a broader community development purpose. Many of these loans have either been afforded consideration as small business loans or do not meet the strict criteria of community development; therefore, further consideration pursuant to this section is precluded. The loans nonetheless provided tangible benefits to the community and surrounding areas. Two such loans, totaling \$10.9 million, were made to the Special Olympics in 2008. The purpose of the loans was to construct a new headquarters and athletic facility. Additionally, Century Bank also funded a loan to Franciscan Hospital for Children totaling \$11 million for the purpose of refinancing existing debt and constructing an additional section to the hospital so the facility could house more children.

The following are examples of the Bank's community development lending activity during each year under review.

2008

The Bank renewed a \$700,000 line of credit to a non-profit agency located in Somerville. The agency assists low- and moderate-income families, elderly and disabled, and helps them obtain affordable housing. Additionally, the agency administers many programs including, but not limited to: Low and Moderate Rent Federal Program, Section 8 Programs, Capital Fund Program, Resident Opportunity and Supportive Services Program (formerly Economic Development Program), and State Consolidation Housing.

The Bank extended a \$55,000 loan to finance repairs to the property of a non-profit organization located throughout the greater Boston area. The agency provides housing for low-income individuals with a range of special needs. The organization works along with the U.S. Department of Housing and Urban Development (HUD), the Massachusetts Departments of Mental Health, Mental Retardation and Medical Assistance, and with many other third-party service providers to produce affordable housing.

2009

The Bank extended a \$15,500 line of credit to the above mentioned non-profit organization located throughout the greater Boston area. As noted above, the agency provides affordable housing to low-income individuals.

The Bank extended two tax exempt bonds in the amounts of \$11.6 million and \$5 million to a non-profit education institution to finance the renovations to the existing building, as well as to construct administrative offices, parking lot, and play areas. The agency provides educational services located within a moderate-income census tract. Additionally, the agency provides their educational services primarily to low- and moderate-income children. The agency also offers services such as the Free/Reduced Lunch Program.

The Bank extended a \$6 million tax exempt bond to a non-profit organization located in the Boston area to refinance existing debt and to fund a debt service reserve account. The organization was established to provide, manage, and/or arrange for the provision of residential care facilities and independent living apartments and to provide educational services for the elderly. The majority of the clientele are low- and moderate-income women located in Boston.

The Bank granted two “sub-carve out term loans” in the amounts of \$94,459 and \$77,855 to a business development corporation who has been recognized locally and nationally as a leader and innovator in business lending and capital investment. The corporation provides community loans to companies that are minority or women-owned, not-for-profit, or can demonstrate a direct positive impact on economically disadvantaged areas.

2010

The Bank approved a \$4.5 million tax exempt bond, \$1.5 million loan, and a \$2.5 million revolving line of credit to a non-profit agency located in Lynn. The agency serves those in the area by delivering over 200,000 “Meals on Wheels” to homes every year, home care services to those individuals of low- or moderate-income, and provides over 500,000 rides annually for seniors and the disabled in the North Shore communities. The vast majority of the individuals served are low- or moderate-income.

The Bank made a \$35,000 commercial real estate loan to a not-for-profit corporation for the acquisition of two properties. The agency promotes the development, rehabilitation and maintenance of affordable housing in Medford, with a special focus on housing for low- and moderate-income people.

2011

The Bank originated a \$198,000 loan in Roxbury. The loan was used to purchase a property which will be leased to a non-profit child and family service agency. The agency provides housing and services to children without homes and strives to be a significant driving force for change in the child welfare world. The vast majority of the individuals served are low- or moderate-income.

The Bank approved a \$615,000 loan and a \$1.5 million line of credit to an organization located in the Boston area. The agency offers children who are emotionally disturbed and without a place to live, as well as day-treatment programs and educational services. Most of the children are from low- and moderate-income families.

Innovative or Flexible Lending Practices (Product Innovation)

Residential Lending Programs

During the evaluation period, Century Bank made limited use of innovative or flexible lending practices. Century Bank is an active member in the City of Malden's Redevelopment Authority Housing programs. Through these programs, the Bank can offer first-time home buyers (FTHBs) a 5/1 adjustable-rate loan at below market rates. During the review period, Century Bank originated 9 loans totaling \$3.1 million.

Another product evident during this evaluation period was the Bank's relationship with United Guaranty and Radian, two companies through which the Bank offers mortgage insurance. This enables the Bank to insure a certain percentage of the loan allowing home buyers that do not have a sufficient downpayment to obtain a mortgage. Throughout the evaluation period, the Bank originated 24 loans with mortgage insurance totaling approximately \$8.3 million.

Commercial Lending Programs

Century Bank offers a couple of commercial products aimed at helping to meet the credit needs of small businesses within its community. Many of these programs offer flexible lending criteria, providing more access to credit for many small business borrowers.

During the evaluation period, the Small Business Administration (SBA) awarded Century Bank the "Preferred Lender" status under the SBA's Preferred Lender Program (PLP) in 2008. The title of Preferred Lender is the highest lending designation granted by the SBA.

A summary of the programs offered is detailed below:

Small Business Administration (SBA)

Century Bank continues as a participating SBA lender. The following is a description of SBA programs the Bank offers.

- The *7a program* provides start-up costs to small businesses. The Bank funds the loan, with SBA providing a loan guarantee of between 75 percent and 90 percent of the total loan amount, depending on the use of the loan proceeds.

- The *504 program* is predominantly used for the construction and/or acquisition of commercial real estate for small businesses. Under this program, the Bank provides 50 percent of the total construction and/or acquisition funding, while the SBA provides 40 percent. The borrower is required to contribute 10 percent of total funds invested in the construction and/or acquisition.
- The *America's Recovery Capital (ARC)* loan program provides emergency funds, in the forms of deferred loans, of up to \$35,000 to "viable small businesses suffering immediate financial hardship." The loans are provided through SBA-backed lenders and are 100 percent guaranteed by the government and have no lender fees attached. Borrowers will not have to make any payments for the first year and will have an additional 5 years to pay back their loan.

Table 10 summarizes the number and dollar amount of innovative and flexible commercial loan products originated within the Bank's assessment area from October 1, 2007 through year-to-date 2011.

Table 10 – Innovative and Flexible Commercial Loan Products								
Program Name	10/01/2007 – 09/30/2008		10/01/2008 – 09/30/2009		10/01/2009 – 09/30/2010		10/01/2010 – 05/31/2011	
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)
SBA 7(a) – Low Doc	24	1,143	15	1,564	43	8,112	19	3,326
SBA 504 – Third Party Lenders	2	1,162	1	750	2	1,287	5	2,385
ARC Loans	0	0	0	0	5	162	0	0
Total	26	2,305	16	2,314	50	9,561	24	5,711

INVESTMENT TEST

A qualified investment for the purposes of this CRA evaluation is a lawful investment, deposit, donation, or grant that has community development as its primary purpose. The investment test evaluates the institution's record of obtaining or making qualified investments that benefit the assessment area or a broader statewide or regional area that includes the Bank's assessment area.

Community development purposes include those that either: 1) Provide affordable housing for low- or moderate- income individuals or areas; 2) provide community services targeting low- or moderate-income individuals or areas; 3) promote economic development by financing small businesses; or, 4) revitalize or stabilize low- or moderate- income geographies. Activities considered under the Lending or Service Tests may not be considered under the Investment Test.

The institution's investment performance is evaluated pursuant to the following criteria: 1) the dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; and, 4) the degree to which the qualified investments are not routinely

provided by private investors. Per the regulation, qualified investments include all those acquired or made since the previous CRA examination.

Century Bank had an adequate level of qualified community development investments, although rarely in a leadership position. The institution exhibits an adequate responsiveness to credit and community economic development needs through its qualified grants and donations; however, the Bank rarely uses innovative and/or complex investments to support community development initiatives.

Equity Investments

The Bank's qualified investments total \$6.4 million and include two new mortgage backed securities as well as investments made prior to the previous evaluation, but still held by the institution. The following details the Bank's investments.

Federal National Mortgage Association (FNMA) Mortgage-Backed Security (MBS)

FNMA offers CRA-targeted securities that are often tailored to meet the community development needs of a financial institution. These securities are backed by residential mortgages, in which a substantial majority, are either located in low- or moderate-income tracts, or were originated to low- or moderate-income borrowers.

In May 2009, Century Bank purchased a FNMA MBS, totaling approximately \$1.9 million. A review of the underlying mortgages revealed that each of the respective borrowers were either low- or moderate-income located in the Bank's assessment area.

In April 2011, the Bank purchased another FNMA MBS, totaling \$2.4 million. This was also backed by mortgages to low- and moderate-income individuals mainly residing within the Bank's assessment area.

The remainder of the Bank's equity investments was made prior to the previous evaluation:

FNMA MBS

The Bank had another FNMA MBS remaining on the books. In March 2005, Century Bank purchased a FNMA MBS, totaling \$2 million, the current book value is \$290,803.

Massachusetts Business Development Corporation's MassBusiness Capital Fund II

On June 25, 2001, Century Bank committed \$500,000 to the MassBusiness Capital Fund II (Fund). The objective of the Fund is to provide a long-term capital delivery mechanism to established small businesses, generally those with \$10 million or less in annual sales, in need of capital growth. In addition, the Fund seeks to concurrently stimulate economic growth and promote job creation and retention in Massachusetts. The Fund makes investments, primarily in established companies, in the form of mezzanine instruments in the \$250,000 to \$750,000 range. The Fund is administered by the Massachusetts Business Development Corporation (MBDC), a quasi-public corporation established with the purpose of providing financing opportunities to small businesses, to firms in distressed geographic areas, or to firms which promote job creation or retention throughout Massachusetts. Century Bank's current book value is \$87,567.

Massachusetts Business Development Corporation's MassBusiness Capital Fund III

Century Bank committed an additional \$500,000 to the MassBusiness Capital Fund III. To date, Century Bank has funded \$206,365.

Access Capital Strategies Community Investment Fund, Inc.

The Bank continues to hold an original investment of \$1 million in the Access Capital Strategies Community Investment Fund, Inc. (ACSCIF). The ACSCIF is a SEC-registered fund structured as a business development company. The primary purpose of the fund is to provide a secondary market and financing vehicle for community development loan originators. The fund invests in private placement debt securities specifically designated to support underlying community development activities targeted to serve low- and moderate-income individuals, including affordable housing, education, small business lending and other job creating investments within a target region specified by the investing institution. The Bank's designated target region is the State of Massachusetts. The underlying securities for this investment are FNMA-backed, FTHB loans originated by a large regional bank headquartered in Boston. Collectively, these loans primarily promote community development activities. In September 2000, the Bank invested an additional \$500,000, bringing their total investment to date to \$1.5 million. Please note that although the Bank has not invested any additional funds during the current evaluation period, the current book value remains at \$1.5 million.

Massachusetts Business Development Corporation's Common Stock

Massachusetts Business Development Corporation offers supplemental financing and financial services to growing companies throughout Massachusetts. In 1998 the Bank purchased shares of common stock. The current book value is currently \$7,000.

Qualified Contributions

The Bank provided a good level of charitable contributions. During the evaluation period, donations totaled \$987,043, with \$240,885 (24.4 percent) considered qualified CRA donations. In 2008, the Bank granted \$213,927 in donations, with \$81,450 (38.7 percent) considered qualified. In 2009 the Bank granted \$222,475 in donations, with \$70,885 (31.9 percent) deemed to be qualified. In 2010, the Bank made donations of \$326,736, with \$64,945 (19.8 percent) considered qualified. Finally, for year-to-date 2011, the Bank granted \$223,905 in donations, with \$23,575 (10.5 percent) considered qualified. Table 11 breaks out the Bank's qualified contributions by purpose and contains a comparison of qualified contributions by year as a percentage of pre-tax net operating income (NOI). The Community Development Category is specific to serving low- and moderate-income individuals or low- and moderate-income areas.

Table 11 Community Development Grants & Donations										
Community Development Category	2008		2009		2010		2011 YTD		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Affordable Housing	9	6,750	8	9,400	7	4,400	2	3,100	26	23,650
Community Services	42	71,900	50	61,485	47	59,595	23	20,475	162	213,455
Promote Economic Development	2	1,100	0	0	3	700	0	0	5	1,800
Revitalization	2	1,700	0	0	1	250	0	0	3	1,950
Total	55	81,450	58	70,885	58	64,945	25	23,575	196	240,855
Bank Pre-tax NOI		14,830,000		16,545,000		21,521,000		NA		NA
Donations/Pre-tax NOI		0.55%		0.43%		0.30%		NA		NA

As displayed in Table 11, the majority of the Bank's donations were provided to organizations that provide community services to low- and moderate-income individuals. The following is a sample of the organizations which benefited from the Bank's contributions.

- Lynn Shelter Association (LSA)*
The Lynn Shelter Association provides shelter and support services to homeless individuals and families in the Greater Lynn area.
- Healthy Malden, Inc*
The organization provides counseling and mentoring to low- and moderate-income youth.
- Somerville Community Corporation (SCC)*
The SCC is dedicated to maintaining diversity and preserving affordability in Somerville by building and preserving affordable housing.
- Mystic Learning Center*
The philosophy of the Mystic Learning Center is based on serving the needs of low-income children and families who live in the Mystic Public Housing Development in Somerville.
- Raising a Reader*
The organization works with a variety of early childcare providers and other partners to rotate children's books into the homes of low-income families.
- Mental Health Programs, Inc, (MHIP, Inc)*
The mission of the organization is to create affordable housing for low-income individuals, particularly those with disabilities and the elderly. The organization has funded affordable housing projects throughout greater Boston and Central Massachusetts.
- Somerville Mental Health Association (SMHA)*
This is a private, non-profit, community-based agency which provides mental health and substance abuse services for people who live or work in Somerville and its neighboring communities. The organization gives priority to low-income and underserved individuals. The majority of the individuals served are low- or moderate-income.

- *Center for Women & Enterprise (CWE)*
CWE offers education, training, technical assistance, women's business enterprise certification, and access to both debt and equity capital to entrepreneurs at every stage of business development. As a non-profit, charitable organization, CWE provides scholarships for its services in order to serve all women, regardless of their ability to pay. Clients include women living in public housing who may want to start home-based businesses.
- *Catholic Charities of Boston*
Catholic Charities of Boston responds to the needs of the poor by offering nearly 140 programs and services in 40 locations around Eastern Massachusetts. The vast majority of the programs are targeted to low- and moderate-income individuals and families.

SERVICE TEST

The service test evaluates the institution's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. The institution's retail banking services are evaluated pursuant to the following criteria: 1) the distribution of the institution's branches among geographies of different income levels; 2) the record of opening and closing branches, particularly branches located in low- and moderate-income geographies or that primarily serve low- or moderate-income individuals; 3) the availability and effectiveness of alternate systems for delivering retail banking services; and 4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

In addition, the institution's community development services are evaluated pursuant to the following criteria: 1) the extent of community development services offered and used; 2) the innovativeness of community development services, including whether they serve low- and moderate-income customers in new ways or serve groups of customers not previously served; 3) the degree to which they serve low- and moderate-income areas or individuals; and 4) their responsiveness to available opportunities for community development services.

Century Bank's retail banking services are essentially accessible to all portions of the assessment area, including low- and moderate-income areas and to individuals of different income levels and businesses of different sizes. To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies. Services, including branch hours are convenient and comparable to other institutions and do not vary in a way that inconveniences certain parts of the assessment area.

Century Bank provides a relatively high level of community development services, displaying a good responsiveness to the needs of low- and moderate-income individuals in the assessment area. The Bank's services have resulted in a better educated community, increased awareness of community needs, and contributed to improving the communities served. The Bank offers services to low- and moderate-income residents within the assessment area(s) and provided technical assistance to organizations with a community development purpose.

RETAIL BANKING SERVICES

Century Bank's service delivery systems are accessible to essentially all portions of the assessment area. As previously mentioned, the Bank operates 23 branch locations including its main branch, located in a moderate-income census tract in Medford and 22 branches throughout the assessment area. Table 12 displays the distribution of the Bank's current branch network compared to the percentage of census tracts within the assessment area as well as the percentage of the population that resides in those tracts. The Bank maintains automated teller machines (ATMs) at each of its 23 branch locations, as well as operating stand alone ATMs in four additional locations in Boston (middle-income census tract), Cambridge (one low-income and one middle-income census tract) and Medford (middle-income census tract). Table 12 also includes the distribution of the Bank's ATMs.

Table 12 – Distribution of Branch Offices by Income Category				
Census Tract Income Category	Assessment Area Demographics		Bank Offices and ATMS by Tract Location	
	Total Census Tracts % of #	Total Population % of #	Bank Branches % of #	Bank ATM Locations % of #
Low	8.8	6.4	8.7	11.1
Moderate	28.1	28.4	39.1	33.3
Middle	42.6	44.0	26.1	33.3
Upper	20.3	21.2	26.1	22.3
NA	0.2	0.0	--	--
Total	100.0	100.0	100.0	100.0

Since the previous CRA evaluation the Bank has opened two branch locations and closed one. The Bank's Winchester branch was opened at 522 Main Street, in 2008. The Brookline location, located at 1345 Beacon Street, was opened in 2010. Both new locations are located in upper-income census tracts. In 2008, the Bank closed its 710 Albany Street location in Boston, which was located in a low-income census tract.

Despite closing a branch in a low-income census tract, the Bank's branch distribution is still accessible to low- and moderate-income individuals and areas. The Bank's percentage of branches in low- and moderate-income geographies (as shown above) is in line with the percentage of low-income census tracts in the area and exceeds the percentage of moderate-income tracts. The Bank's ATM locations are readily accessible in low- and moderate-income census tracts. In addition, the Bank maintains four Boston branches within a 3 mile radius of the closed location. The closest, also located in a low-income census tract, is 1.8 miles from the closed location. Therefore, to the extent changes have been made, the institution's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.

Services and hours of operation do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and individuals. Office hours at the majority of the Bank's branch locations are generally from 8:30am-4:00pm Monday through Wednesday; 8:30am-6:00pm on Thursday; 8:30am-5:00pm on Friday; and, on Saturday, 8:30am-12:00pm. Exceptions to this are the two Boston locations, one of the Brookline locations and the main branch, which do not offer Saturday hours.

The Bank offers a variety of alternative delivery options including drive up capability at 13 of its branches. All of the branches have ATMs and night deposit drops, while 10 of the 23 offer safe deposit boxes. Customers are offered ATM cards for 24-hour access to funds, free personal internet banking, express pay, and a 24-hour telephone banking service. The Bank also offers a variety of accounts for consumers, including a free statement savings account, passbook savings accounts, and money market accounts. Century Bank is a member of the SUM Program. Any ATM with a SUM logo is surcharge free. The SUM Program is administered by, and is a registered service mark of, the NYCE Corporation.

In addition, the Bank offers free business checking accounts and basic business checking accounts and NOW accounts for businesses. As well as business statement savings accounts and certificates of deposit for businesses. The ATM/Debit Business Card is also part of the SUM network.

Bank associates throughout the various departments speak second languages and are available in order to assist customers. These second languages include: Arabic, Armenian, Burmes, Chinese, Cape Verdean Creole, French, French Creole, Cantonese, Laotian, Lithuanian, Mandarin, Japanese, Haitian, Hindi, Portuguese, Polish, Italian and Spanish. This reflects favorably in terms of workplace diversity and customer service support.

COMMUNITY DEVELOPMENT SERVICES

Century Bank provides a relatively high level of community development services. The Bank encourages employees to be active members of their communities. The Bank focused its community outreach activities on CRA. Bank staff taught Money Smart, as well as various homebuyer and small business seminars. The Money Smart program is an adult education program developed by the FDIC to allow financial institutions the opportunity to provide outreach and financial literacy to adults outside of the financial mainstream. The following is a sample of the seminars in which the Bank participated:

Money Smart Seminars

- The Bank conducted several Money Smart seminars in conjunction with the TriCap Community Action Program. TriCap works with the entire community to improve lives and to create opportunities for low-income residents of Everett, Malden, Medford, and the surrounding communities. The Bank and TriCap held seminars on topics including: Loan-to-Own, Pay Yourself First/Money Matters, Check It Out/Your Credit, Bank on It/Money Matters, Borrowing Basics, How to Read Your Credit Report and Tax Preparation. Two sessions were held in 2008, five were held in 2009, four in 2010, and three in 2011.

- The Bank conducted a Money Matters seminar in conjunction with the Beverly Housing Authority in November of 2008.
- The Bank conducted a seminar on “How to Avoid Identity Theft” at the Allteron House in November of 2008. The Allteron House is an assisted living home located in Weymouth.
- At a home for single parents in Beverly, the Bank conducted two seminars on budgeting in August of 2009.
- The Bank held a financial literacy seminar at a school for at-risk teen girls in Lawrence in December of 2009.
- The Bank conducted a seminar on understanding and improving credit at the Somerville Housing Authority in October of 2010.
- The Bank conducted a seminar on credit and identity theft at a low-income senior housing development in November of 2011.
- The Bank has taught financial literacy classes at a high school in Somerville. The money management modules covered: Basic Banking, Borrowing Basics, Paying for College and Cars and a Roof Over Your Head. Three sessions were held in 2010 and two in 2011.

Homebuyer Seminars

- The Bank participated in financial seminars on homeownership in conjunction with Housing Families, Inc. Housing Families, Inc. is largest operator of affordable housing for homeless and very low-income families in Massachusetts. One seminar was held in 2008, two in 2009, and three in 2010.
- The Bank participated in FTHB seminars in conjunction with the Malden Redevelopment Authority. One was held in 2008 and two in 2009.
- The Bank participated in several homeownership seminars in conjunction with Medford Community Housing. One session was held in 2008 and five were held in 2009.
- The Bank participated in seminars on qualifying for a mortgage in conjunction with TriCap. Two sessions were held in 2009 and two additional seminars were held in 2010.
- The Bank held three homeownership classes in conjunction with the Medford Housing Authority in 2010 and two more in 2011.

Small Business Seminars

- The Bank held a seminar on Finding Financial Resources for small business in 2009 in conjunction with South Shore Chamber of commerce.
- The Bank conducted a seminar for small business owners in conjunction with the Town of Braintree and the SBA in 2010.
- The Bank participated in a seminar on small business options for veterans in conjunction with the SBA in 2010.

Employee Services

In addition to the various seminars which the Bank participated in, the Bank's staff lends their technical expertise, experience and judgment by actively participating in local organizations. All of the services meet the definition of community development and also relate to the provision of financial services as required by the regulation for consideration under the CRA. The following are examples of programs and organizations which benefit from the Bank's involvement:

- An Assistant Vice President is a member of the Quincy 2000 Collaborative. The Quincy 2000 Collaborative is a private, non-profit economic development agency of the Quincy Chamber of Commerce. A goal of the organization is to assist small business development.
- A Vice President serves on the Board of Directors of Medford Community Housing Inc. The organization is a Community Development Corporation (CDC) dedicated to promoting affordable housing in Medford.
- An Assistant Vice President/Branch Manager is on the Board of Directors of the Lynn Municipal Finance Committee. The organization provides low interest loans to businesses and encourages small business investment in designated areas.
- An Assistant Vice President is a "Bill Payer" at North Shore Elder Services. This is a free service which assists individuals with developing budgets, writing checks, and balancing a checkbook. The program is operated by a staff of dedicated volunteers who meet with individuals on a monthly basis. The majority of the individuals served are low- or moderate-income.
- A Senior Vice President is on the Board of Directors of Housing Families, Inc. The organization works to end family homelessness by providing safe temporary shelter and quality affordable housing.
- A Branch Manager is a member of the ABCD Mattapan Family Service Center. The Center offers Boston homeowners foreclosure prevention services, as well as financial counseling to help borrowers negotiate lower mortgage interest rates. The majority of the individuals served are low- or moderate-income.

- An Assistant Vice President/Branch Manager serves as a financial advisor to Junior Aid of Malden. The organization provides financial assistance to charitable organizations with a focus on women, children and health-related issues. The majority of the individuals served are low- or moderate-income.
- The Dimock Community Health Center is a non-profit organization founded in 1862 as the New England Hospital for Women and Children. The center is an important community institution serving the inner city neighborhoods of Roxbury, Dorchester and Jamaica Plain. These neighborhoods consist of primarily low- and moderate income families. Dimock provides vital health and humans services to over 40,000 families each year and is an important community asset for the entire City of Boston. A member of senior management serves on the Board of Directors.

Other Services

Interest on Lawyers Trust Account (“IOLTA”):

The Bank participates in this program. Under an agreement with the Massachusetts Bar Association, interest paid on these accounts is used to provide legal assistance to indigent, low- and moderate-income people in need of legal services. IOLTA funded programs of Massachusetts provide legal assistance to over 100,000 individuals across the State. IOLTA continues to be the primary source for consumer, family, education, disability, and elder law services for low-income clients.

Century Bank and Trust Headquarters

The Bank’s main branch includes a community meeting room open for use to area organizations free of charge. Organizations benefiting from the use of this room include: Housing Families, Inc., Medford Chamber of Commerce, IRS Small Business Forums, CASPAR, Medford Chamber of Commerce, Medford Community Housing Meeting, and the Somerville Chamber of Commerce.

APPENDIX A

Fair Lending Policies and Practices

The Bank's compliance with fair lending laws and regulations was examined. No indication of discriminatory or other illegal credit practices inconsistent with helping to meet community and assessment area credit needs were identified during the evaluation. Therefore, no evidence of disparate treatment or impact was revealed.

The Bank did not receive any complaints relative to fair lending issues; however, adequate procedures are in place for handling such items. Overall, the institution's fair lending policies, procedures, training programs, and internal assessment efforts were deemed satisfactory.

Minority Application Flow

The purpose of the minority application flow is to assess the number of HMDA-reportable applications the Bank received from minorities within their delineated assessment area. The data analyzed was obtained from the Bank's HMDA/LAR for 2009 and 2010. The first six months of 2011 HMDA data was also included for the purpose of identifying trends. In addition, the 2009 HMDA/LAR aggregate data was analyzed in order to measure the Bank's performance relative to all other lenders within the assessment area. The Bank's minority application flow for this period was also compared with the racial make-up the assessment area. The comparison of this data assists in deriving reasonable expectations for the institution's minority application flow.

Table 13 MINORITY APPLICATION FLOW										
RACE	Bank 2009		2009 Aggregate Data		Bank 2010		Bank 2011 (YTD)		Bank Total	
	#	%	#	%	#	%	#	%	#	%
<i>American Indian/ Alaska Native</i>	0	0.0	125	0.1	0	0.0	1	0.3	1	0.1
<i>Asian</i>	16	2.8	7,554	5.8	28	6.1	12	4.1	56	4.2
<i>Black/ African American</i>	3	0.5	2,600	2.0	5	1.2	12	4.1	20	1.5
<i>Hawaiian/Pac Isl.</i>	0	0.0	144	0.1	0	0.0	1	0.3	1	0.1
<i>2 or more Minority</i>	0	0.0	46	0.0	1	0.2	1	0.3	2	0.1
<i>Joint Race (White/Minority)</i>	3	0.5	1,637	1.3	2	0.4	8	2.7	13	1.0
Total Minority	22	3.8	12,106	9.3	36	7.9	35	11.8	93	7.0
<i>White</i>	161	28.2	81,468	62.5	234	50.4	173	58.5	568	42.7
<i>Race Not Available</i>	388	68.0	36,717	28.2	193	41.7	88	29.7	669	50.3
Total	571	100.0	130,291	100.0	463	100.0	296	100.0	1,330	100.0
ETHNICITY										
<i>Hispanic or Latino</i>	4	0.7	2,564	2.0	5	1.1	10	3.4	19	1.5
<i>Not Hispanic or Latino</i>	137	24.0	89,651	68.8	238	51.4	176	59.5	551	41.4
<i>Joint (Hisp/Lat /Not Hisp/Lat)</i>	2	0.4	972	0.7	2	0.4	3	1.0	7	0.5
<i>Ethnicity Not Available</i>	428	74.9	37,104	28.5	218	47.1	107	36.1	753	56.6
Total	571	100.0	130,291	100.0	463	100.0	296	100.0	1,330	100.0

Source: PCI Services, Inc., CRA Wiz Software.

According to the 2000 Census data, the composition of the assessment area's population is as follows: 74.1 percent – White, 8.9 - percent Black, 7.7 percent – Hispanic, 6.3 percent – Asian, 0.2 percent - and 2.8 percent – Other Race.

The most weight is given to the 2009 data, as this is the most recent year in which aggregate information is available. As displayed, the Bank's percentage (3.8 percent) of applications received from minorities was significantly below that received (9.3 percent) by the aggregate. The Bank's performance also lagged demographic indicators. However, as indicated in the table, the Bank's performance increased in 2010, with 7.9 percent of applications received from minority borrowers. This increase was attributed to a new mortgage product being offered in the third quarter of 2010. The Bank's partial year data for 2011 indicates a continued increasing trend in the level of applications the Bank received from racial and ethnic minorities. In addition, it was noted that high percentage of application in 2009 (68.0 percent) did not contain the government monitoring information (GMI). The high level was attributed to a large percentage of applications taken by mail phone or internet where the borrower chose not to provide the GMI and for which recordation of this information was not possible from visual observation, though this percentage decreased between 2009 and 2011.

Given the high percentage of applications received with no GMI collected in 2009 and the increasing trend of applications received from minorities identified in 2010 and 2011, the Bank's performance is considered satisfactory.

APPENDIX B

GENERAL DEFINITIONS

GEOGRAPHY TERMS

Block: Small areas bounded on all sides by visible features such as streets, roads, streams or rail road tracks, and invisible features like city or town boundaries or property lines. Blocks are subdivisions of census tracts and are assigned a unique three-digit number.

Block Group: Clusters of blocks within a census tract, having a four-digit number and a three-digit suffix. The four-digit number corresponds to the same number given to the census tract in which it is located.

Census Tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Metropolitan Area (MA): One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

Metropolitan Statistical Area (MSA): One or more metropolitan areas that have economic and social ties.

Metropolitan Statistical Area (MSA/MD): The Metropolitan Statistical Areas have at least one urbanized area of 50,000 or more population. There are 11 instances (Boston, Chicago, Dallas, Detroit, Los Angeles, Miami, New York, Philadelphia, San Francisco, Seattle, and Washington) where a Metropolitan Statistical Area containing a single core with a population of 2.5 million or more has been subdivided to form smaller groupings of counties referred to as **Metropolitan Divisions** (One or more large population centers and adjacent communities that have a high degree of economic and social integration.) Each MD must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MD comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MDs are composed of cities and towns rather than whole counties.

Combined Statistical Area (CSA): The larger area, of which MSAs are component parts.

Consolidated Metropolitan Statistical Area (CMSA): The larger area, of which PMSAs are component parts.

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in: places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin) but excluding the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

Rural Area: Territories, populations and housing units that are not classified as urban.

HOUSING TERMS

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

INCOME TERMS

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

Family Income: Includes the income of all members of a family that are age 15 and older.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.

HUD Adjusted Income Data: The U.S. Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

OTHER TERMS

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement and temporary-to-permanent construction loans.

Small Business Loan: A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

APPENDIX C

INVESTMENT DEFINITIONS

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. The equity investments are subject to limits specified by the bank's regulator. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community as well as to the financial and marketing needs of the bank. A CDC may purchase, own, rehabilitate, construct, manage and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization. Any real estate ownership should generally be temporary, with ownership reverting to members or organizations in the community.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. They procure loans and investments that conventional financial institutions are unable to invest in, and they link financing to other developmental activities. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. CDFIs share a common mission and can be chartered as a credit union or bank. CDFIs can also be unregulated nonprofit institutions that gather private capital from a range of social investors for community development lending or investing. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, microenterprise funds, and community development venture capital funds. A certified CDFI must meet eligibility requirements, which include: having a primary mission of promoting community development; serving an investment area or target population; providing development services; maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means; and not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Low Income Housing Tax Credits: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended, which is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department, through the Internal Revenue Service, distributes low-income housing tax credits to housing credit agencies. The housing agencies allocate tax credits on a competitive basis. Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits or sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains in place throughout the compliance period, usually 30 years.

Qualified Investments: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development to support the following endeavors: 1) affordable housing; 2) community services targeting low- and moderate-income individuals; 3) activities that promote economic development by financing small farms and small businesses; and 4) activities that revitalize or stabilize low- and moderate-income geographies.

APPENDIX D

STANDARD PE LANGUAGE

LENDING TEST

Scope of Test

The lending test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) by considering an institution's home mortgage, small business, small farm, and community development lending. The institution's lending performance is evaluated pursuant to the following criteria: 1) the volume of lending activity; 2) the proportion of lending within the assessment area(s); 3) the dispersion of loans and the number and amount of loans in low-, moderate-, middle- and upper-income geographies in the assessment area(s); 4) the distribution of loans among borrowers of low-, moderate-, middle- and upper-income levels and businesses (including farms) of different sizes; 5) the distribution of small business and small farm loans by loan amount at origination; 6) the volume of community development lending; and 7) the use of innovative or flexible lending practices. Performance under the lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

Community Development Lending:

Performance Criteria

The institution's community development lending activities are evaluated pursuant to the following criteria: 1) the extent to which community development lending opportunities have been made available to the institution; 2) the responsiveness of the institution's community development lending; and 3) the extent of leadership the institution has demonstrated in community development lending.

Innovative and Flexible Lending Practices:

Performance Criteria

The institution's innovative and flexible lending practices are evaluated pursuant to the following criteria: 1) the degree to which the loans serve low- and moderate-income creditworthy borrowers in new ways or serve groups of creditworthy borrowers not previously served by the institution; and 2) the success of each product serving low- and moderate-income borrowers, including the number and dollar volume of loans originated during the review period.

INVESTMENT TEST

Scope of Test

The investment test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through its use of qualified investments that benefit the assessment area(s) or a broader statewide or regional area that includes the institution's assessment area(s). Activities considered under the lending or service test may not be considered under the investment test. The institution's investment performance is evaluated pursuant to the following criteria: 1) the dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; and 4) the degree to which the qualified investments are not routinely provided by private investors.

SERVICE TEST

Scope of Test

The service test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. The institution's retail banking services are evaluated pursuant to the following criteria: 1) the distribution of the institution's branches among geographies of different income levels; 2) the record of opening and closing branches, particularly branches located in low- and moderate-income geographies or that primarily serve low- or moderate-income individuals; 3) the availability and effectiveness of alternate systems for delivering retail banking services; and 4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

In addition, the institution's community development services are evaluated pursuant to the following criteria: 1) the extent of community development services offered and used; 2) the innovativeness of community development services, including whether they serve low- and moderate-income customers in new ways or serve groups of customers not previously served; 3) the degree to which they serve low- and moderate-income areas or individuals; and 4) their responsiveness to available opportunities for community development services.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks and the Federal Deposit Insurance Corporation, at 102 Fellsway West at Mystic Avenue, Somerville, Massachusetts 02145."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.